1867 | 1967

The **BOARD OF DIRECTORS** *of* **DOMINION STORES LIMITED**

presents the **47TH ANNUAL REPORT**

To the Shareholders

Fiscal year ended **MARCH 18, 1967**

expo67

Contents

Version française

On peut obtenir un exemplaire français du présent Rapport annuel en s'adressant au Secrétaire de la Compagnie, 605 Rogers Road, Toronto 15, Ontario.

Auditors

McDonald, Currie & Co., Toronto

Bankers

Bank of Montreal
Banque Canadienne Nationale
Banque Provinciale du Canada
Canadian Imperial Bank of Commerce
The Bank of Nova Scotia
The Royal Bank of Canada
The Toronto-Dominion Bank

Transfer Agents

Crown Trust Company,
Toronto, Montreal and Vancouver

The Eastern & Chartered Trust Company,
Halifax and Saint John

Bankers Trust Company, New York

Registrars

Crown Trust Company,
Toronto, Montreal and Vancouver

The Eastern & Chartered Trust Company,
Halifax and Saint John

Bankers Trust Company, New York

The Annual Meeting of Shareholders will be held at the Head Office of the Company, 605 Rogers Road, Toronto, on Friday, the 23rd day of June, 1967, at the hour of 12:00 o'clock noon.

Comparative Highlights

	For the Year Ended March 18, 1967	For the Year Ended March 19, 1966
Sales	**$543,471,797**	$513,656,740
(An increase of $29,815,057 or 5.80%)		
Net Profit	**$ 9,424,802**	$ 10,655,576
per dollar of sales	**1.73¢**	2.07¢
per share of common stock	**$ 1.16**	$ 1.32
Dividends	**$ 5,812,329**	$ 5,805,852
per share of common stock	**72¢**	72¢
Working Capital	**$ 23,317,975**	$ 26,748,595
Ratio of Current Assets to Current Liabilities	**2.07**	2.26
Total Reinvested Earnings	**$ 54,944,399**	$ 51,331,926
Shareholders' Equity	**$ 70,632,858**	$ 66,948,862
Number of Stores at End of Year	**380**	377

Dominion Stores Limited

Incorporated under the laws of Canada

Head Office:

605 Rogers Road,
Toronto 15

District Offices:

St. John's, Nfld.
Halifax, N.S.
Saint John, N.B.
Quebec, Que.
Montreal, Que.
Ottawa, Ont.
Toronto, Ont.
Hamilton, Ont.
Windsor, Ont.
Sudbury, Ont.
Winnipeg, Man.
Calgary, Alta.
Vancouver, B.C.

Directors

*JOHN A. McDOUGALD
Chairman of the Board and Chairman, Executive Committee

LEWIS H. M. AYRE
*ROBERT F. CHISHOLM
*THOMAS G. McCORMACK
*STEWART G. BENNETT
PIERRE PAUL DAIGLE
*COL. MAXWELL C. G. MEIGHEN
*E. P. TAYLOR
*GEORGE M. BLACK, JR.
*MAJ.-GEN. A. BRUCE MATTHEWS
ANDRE MONAST, Q.C.

**Executive Committee*

Corporate Management

THOMAS G. McCORMACK
President and Chief Executive Officer

THOMAS G. BOLTON
Vice-President, Corporate Planning

J. SCOTT FEGGANS
Vice-President, Advertising and Public Relations

N. H. SHAW, Q.C.
Vice-President and General Counsel

R. F. CHISHOLM
Executive Vice-President

N. W. LANCASTER
Comptroller, Operations

W. J. STEWART
Secretary

IVOR CRIMP
Vice-President, Corporate Projects

A. A. J. LEWIS
Vice-President, Operations

A. W. TOMLIN
Comptroller, Corporate Finance

JOSEPH VOIGT
Vice-President, Merchandising

E. CLIFFORD WENT
Vice-President, Personnel and Labour Relations

Divisional Management

W. FRANK CAPSTICK
Division Manager Southern Ontario

ALBERT DAVID
Division Manager, Quebec, Eastern Ontario and Labrador

CHARLES T. E. HALSEY
Division Manager Western Provinces

ROBERT H. JARDINE
Division Manager Atlantic Provinces

RUSSELL L. NETHERTON
Division Manager, Northern and South-Western Ontario

District Management

HARTLEY ST. J. AYRE
St. John's, Nfld.

RONALD C. HYNE
Hamilton, Ontario

JOHN I. QUINN
London, Ontario

RÉAL BROUILLETTE
Quebec, Quebec

ALLEN C. JACKSON
Montreal, Quebec

HARRY TAYLOR
Vancouver, B.C.

J. N. CAMPBELL
Winnipeg, Man.

J. A. MALCOLM
Sudbury, Ontario

G. VIENNEAU
Ottawa, Ontario

JAMES F. EARLE
Halifax, N.S.

P. M. MONTFORD
Saint John, N.B.

WM. WADDINGTON
Calgary, Alta.

Special Management

CHARLES H. ABRAY
Director, Development and Expansion

STANLEY P. GIBSON
Director, General Merchandise

J. SKIFFINGTON MURCHIE
Director, Merchandise Planning

THOMAS THOMSON
Director, Plant Operations

Annual Report to the Shareholders

In view of the abnormal and unprecedented conditions which prevailed during the second half, results for the fiscal year which ended March 18, 1967, must, on balance, be considered highly satisfactory.

The calendar year 1966 had been marked by an ever-accelerating spiral of inflation, spearheaded by excessive spending by governments at all levels. The supermarket industry, which had been able to contain the full effects of more moderate inflation over the decade prior to 1966, through ever-increasing efficiency, was unable to absorb the sharp rise in the cost of merchandise and services, labour, taxes, truck and rail transportation and, in fact, higher costs in every aspect of the business.

As the industry was forced, gradually, to pass on part of its increased costs to the shopping public, there began to develop small but highly vocal consumer organizations which attempted to organize boycotts and other demonstrations of buyer resistance toward the supermarkets.

JOHN A. McDOUGALD

Ironically, governments at several levels, which had contributed substantially to the inflation which brought about rising food costs, launched investigations of the food industry, with widespread attendant publicity. It was natural, but highly unfair, that the supermarkets, as the final link in the chain of food distribution, came in for the bulk of criticism and adverse publicity.

Needless to say, the increase in price consciousness gave rise to a severe intensification of price competition in the supermarket industry, in some instances to a highly uneconomic degree. For example, through most of the recent winter retail beef prices in supermarkets were substantially below cost.

The Directors and Management of your Company decided that it was imperative, in the long-term interests of the business, to protect our valuable consumer franchise, even at the cost of short-term reduction of earnings. Your Company has therefore maintained a fully competitive pricing policy throughout the recent critical period.

As a result, your Company not only maintained its sales volume, but registered an increase in sales averaging more than half a million dollars per week over the fiscal year. The cost of retaining our customers and attracting new ones was substantial, in decreased earnings. However, we believe that the overall results for the fiscal year were highly satisfactory under the unique conditions prevailing, and that our fully competitive pricing policy will mitigate to the Company's benefit in the years ahead.

THOMAS G. McCORMACK

Earnings

After providing $6,011,976 for depreciation and $10,329,339 for taxes on income, net profit for the fiscal year under review amounted to $9,424,802, a decrease of $1,230,774 or 11.55% from the previous year's all time record net profit of $10,655,576.

Net profit was equal to $1.16 per share compared with $1.32 in the previous year ended March 19, 1966. The ratio of net earnings to each dollar of sales was 1.73% compared with the 2.07% reported a year ago.

Dividends and Capital Stock

During the fiscal year under review, dividends paid to shareholders amounted to a record $5,812,329 (72¢ per share) compared with $5,805,852 (72¢ per share) in the previous year. Quarterly dividends of 18¢ each were paid on the 15th of June, September, and December, 1966 and on the 15th of March, 1967.

During the year options covering 3,532 shares of common stock were exercised under the employees' stock option plan at the established option price for a cash consideration of $71,523. This brought the total of shares outstanding at year end to 8,073,027.

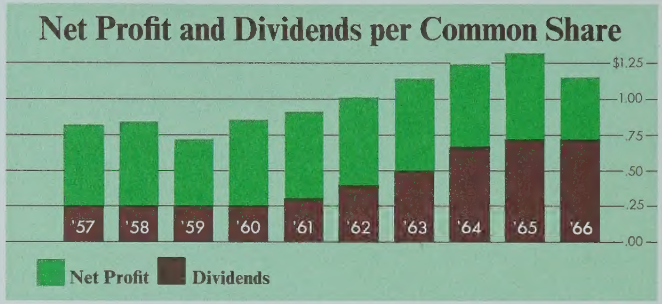
Financial Resources

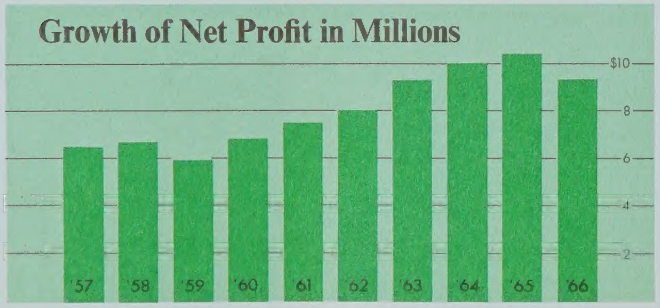
Your Company maintained its strong financial position through the year. Working capital amounted to $23,317,975 at March 18, 1967, and working capital ratio was 2.07 to 1. The slight reduction in working capital from a year ago came about primarily from capital expenditures made in the continuing store development programme.

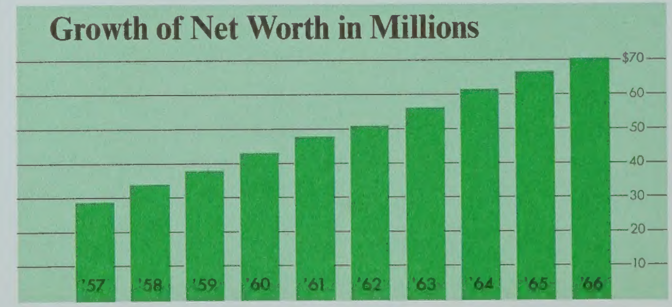
Plans are presently being developed for a new distribution centre in the Toronto area, to employ the latest scientific techniques and equipment to reduce food handling costs. This project will be developed and owned by your Company and will require an initial investment of $8,000,000.

Sales

During the fiscal year, sales reached an all-time record of $543,471,797, an increase of $29,815,057 or 5.80% over the previous year's record of $513,656,740. It was the 26th consecutive year in which your Company has established a new sales record.







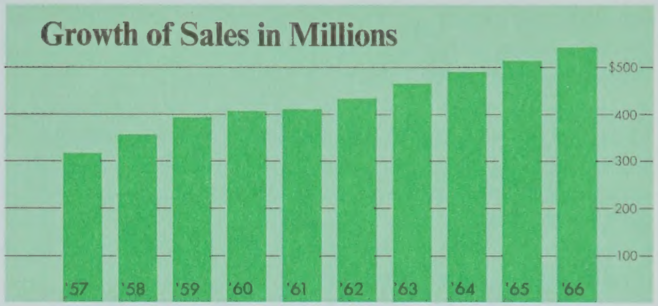
As mentioned earlier, the record volume of sales was achieved in the face of extremely intense price competition. Your Company, while maintaining a fully competitive pricing policy, did not sacrifice any of the high standards that had built its invaluable consumer franchise over the years. Quality was maintained at all times, in all departments. The greatest possible variety was offered, to meet the widely varying needs, wants and preferences of the public. A continuing programme of store modernization maintained the high level of shopper comfort and convenience for which our stores are noted. The friendly courtesy for which Dominion personnel are famous, was maintained even during the brief but trying period of consumer demonstrations.

Your Company is confident that through a policy of lowest possible prices, unexcelled quality, complete variety, attractive store facilities and friendly, courteous personnel, it will continue to merit and achieve an ever-increasing share of the expanding Canadian retail food market.

Abnormal Influences

As outlined in the opening paragraphs of this report, the past fiscal year was one of the most difficult in the history of the Company, with many abnormal influences affecting the profitable operation of the business. Chief among those were higher cost of goods purchased for re-sale to the public; higher cost of all services from wrapping materials and rail and truck transport costs to advertising; higher federal, provincial and municipal taxes, and higher employee wage and benefit costs.

Higher Cost of Merchandise. To give shareholders an inkling of the pressure toward higher retail prices exerted by higher wholesale cost of goods, our Toronto plant as of an inventory taken March 11, 1967, carried 4,564 dry grocery and frozen food items. (This does not include dairy products, eggs, fruit and vegetables, meats or general merchandise.) During the fiscal year which ended March 18, 1967, there were 2,827 individual price advances imposed by suppliers on 2,190 of the grocery items carried. This means that 48% of the items carried (4,564) advanced in cost once or more during the fiscal year.



There were, of course many other increases in other store departments. To cite a few examples, the cost of butter was advanced three times through the action of the Federal Government, increasing our cost of butter from 57¢ to 63¢, or 6¢ per pound. In the province of Quebec, there were two increases in milk costs, approved by the Provincial Government, totalling 1.34¢ per quart.

Higher Cost of Services. Our cost of wrapping supplies, which includes bags and meat wrapping paper, etc., increased twice during the fiscal year, for a total increase of 9.22%.

Railway and truck transportation costs were increased by about 10% during the year. It is estimated that higher rail and truck costs added about $250,000 to the cost of merchandise inbound to our Toronto and Montreal plants alone. Cost of outgoing transportation to stores was also increased.

Federal, Provincial and Municipal Taxes. One of the major influences on rising retail food prices during the past year has been the inflationary effect of rising government spending and taxation on the entire food industry, from the primary producer through processing and packing, to the retail level.

Although food products are exempt from federal and provincial sales taxes, there are many items which go into the average shopper's weekly grocery bill that are taxed. These include such everyday items as soaps and detergents, all paper products, all confectionery items (candies, etc.), starches, polishes, carbonated beverages, matches,

cigarettes and tobacco, pet foods, preserving supplies, kitchenware, insect repellent, soft goods other than children's wear, plants and flowers and many other items.

During the fiscal year, shoppers at Dominion paid a total of $4,046,382 in provincial sales tax on items purchased, an increase of $1,044,497 or 34.8% more than in the previous fiscal year. Federal sales tax, which was increased during the year from 11% to 12% is paid by the manufacturer and therefore cannot be calculated. However, the increase undoubtedly was a major factor in increasing wholesale and retail grocery costs.

Municipal taxes were increased in 124 of the 175 municipalities in which Dominion operates, or 70.8% of the total. Total realty and business taxes paid by your Company during 1966 were $4,047,363, an increase of 13.7% over 1965. These tax increases raised store operating costs by as much as $448 per store per month in one municipality. Municipal tax bills received in 1967 up to the end of the fiscal year show this trend continuing with an average increase of 9.93%.

Employee Wages and Benefits. The combined increased cost of wages and benefits during the fiscal year was $7,550,000, a 14% increase over the previous fiscal year. This was by far the largest increase in any expense category, representing 69% of the total increase in expenses, which amounted to $10,910,000.

Full-time employees' wages alone accounted for $5,441,000 of the increase, partly due to larger full-time staff (average 408 employees more than previous year, or 5%), and partly due to increased wage levels due to union negotiated increases and normal increments (average weekly rate for 1966 was up $7.65 over 1965, or 9%).

Cost of the Canada and Quebec Pension Plan during the last fiscal year was up $538,000, or 366% over the previous year. This huge increase was due to the fact that in 1965 Canada and Quebec Pension Plan costs covered only an 11-week period, as opposed to a full 52-weeks coverage in the fiscal year just concluded. Higher salary levels and increased staff also contributed to the increase.

Costs of Dominion Stores Limited Retirement Income Plan were up $326,000. This was due to the greater number of employees, higher salary levels, the lowering of the eligible age and substantial improvement in certain benefits under the plan.

All other employee benefits, including vacation salaries and group insurance, showed substantially higher costs in the year.

Planned Development

Your Company continued its aggressive programme of development and expansion during the past fiscal year. A total of 23 large new stores were opened in 17 different cities, in 8 provinces. Seventeen of the new retail units were located in shopping centre projects. During the year 22 major store modernization projects were carried out, and 20 stores, mostly smaller units, were closed.

At the conclusion of the fiscal year, 57 new stores were in various stages of development. It is anticipated that about 23 of these will be brought into service during the current fiscal year.

Board of Directors

Andre Monast, Q.C., B.A., LL.L. was elected to the Board of Directors on October 3, 1966. Mr. Monast is a member of a prominent Quebec City legal firm and is a director of many leading Canadian companies.

Annual Meeting

The Annual Meeting of shareholders will be held at the Head Office of the Company, 605 Rogers Road, Toronto, on Friday, the 23rd day of June, at the hour of 12 o'clock noon.

In Appreciation

Your Board of Directors expresses its appreciation to employees, suppliers, shareholders and customers for their loyal support during the difficult but successful year just concluded.

For the Board of Directors,

JOHN A. McDOUGALD,
Chairman of the Board

THOMAS G. McCORMACK,
President

Consolidated Statement of Earnings

		For the years ended March 18, 1967	March 19, 1966
Sales		$543,471,797	$513,656,740
Cost of Goods Sold		422,816,267	401,999,461
Expenses (note 1)	Employees' salaries and benefits	61,329,361	53,779,808
	Rent, light, heat, telephone, laundry, repairs and maintenance	20,633,419	18,506,176
	Other expenses, including advertising	10,546,599	9,762,770
	Depreciation on buildings and equipment	6,011,976	5,884,961
	Business taxes, licenses and insurance	2,121,800	1,771,833
	Interest expense	634,945	627,351
	Interest income	(376,711)	(341,196)
		100,901,389	89,991,703
Earnings Before Taxes on Income		19,754,141	21,665,576
Taxes on Income		10,329,339	11,010,000
Net Earnings for the Year		$ 9,424,802	$ 10,655,576

Auditors' Report

McDONALD, CURRIE & CO.
CHARTERED ACCOUNTANTS

120 Adelaide St. West,
Toronto.

We have examined the consolidated balance sheet of Dominion Stores Limited and its subsidiaries as at March 18, 1967 and the consolidated statements of earnings and source and use of funds for the fiscal year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of earnings and source and use of funds, when read in conjunction with the notes thereto, present fairly the financial position of the company as at March 18, 1967 and the results of its operations for the fiscal year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDonald, Currie & Co.

Chartered Accountants

April 12, 1967

LIFT FLAP ▶

Consolidated Balance Sheet

Assets

	March 18, 1967	March 19, 1966
CURRENT:		
Cash	$ 6,400,723	$ 7,114,598
Marketable investments — at cost (note 2)	2,258,625	6,395,887
Accounts receivable	1,240,994	763,497
Mortgages receivable	870,694	598,366
Merchandise — valued at the lower of cost and market (note 3)	33,227,144	31,886,841
Prepaid expenses	995,305	1,104,090
	44,993,485	47,863,279
SPECIAL REFUNDABLE TAX	686,041	—
MORTGAGES RECEIVABLE	1,060,125	264,175
FIXED ASSETS — at cost (note 4):		
Store, warehouse and office equipment	67,733,410	60,253,857
Buildings and leasehold improvements	22,950,616	21,380,477
	90,684,026	81,634,334
Accumulated depreciation	39,417,688	35,343,056
	51,266,338	46,291,278
Land	10,202,379	9,929,814
	61,468,717	56,221,092
	$108,208,368	$104,348,546

s at March 18, 1967

Liabilities

	March 18, 1967	March 19, 1966
CURRENT:		
Accounts payable and accrued expenses	$ 17,021,466	$ 16,635,990
Income and sundry taxes	3,904,044	4,258,694
Sinking fund instalments due within one year	750,000	220,000
	21,675,510	21,114,684
PROVISION FOR FUTURE INCOME TAXES (note 4)	3,905,000	3,540,000
FUNDED DEBT (note 5)	11,995,000	12,745,000
CAPITAL STOCK (note 6):		
Authorized — 20,000,000 common shares without nominal or par value. Issued and fully paid — 8,073,027 shares (last year 8,069,495)	15,688,459	15,616,936
REINVESTED EARNINGS:		
Balance at beginning of the year	51,331,926	46,482,202
Net earnings for the year	9,424,802	10,655,576
Dividends to shareholders	(5,812,329)	(5,805,852)
Reinvested earnings	54,944,399	51,331,926
SHAREHOLDERS' EQUITY	70,632,858	66,948,862
	$108,208,368	$104,348,546

Signed on behalf of the Board —
JOHN A. McDOUGALD, THOMAS G. McCORMACK,
Directors

Distribution of Income

for the fiscal year ended March 18, 1967

	$	%
Sales		
Total income increased 5.8% over the previous year, to	543,471,797	100.00
Paid to Suppliers		
Purchases from farmers, producers, packers, manufacturers and other suppliers were increased 5.2% over the previous year, to	422,816,267	77.80
Paid to Employees		
Salaries and other employee benefits were increased 14.0% over the previous year, to	61,329,361	11.28
Operational Costs		
Rents, local taxes, licenses, insurance, light, heat, water, telephone, laundry, maintenance, depreciation on buildings and equipment, advertising, debenture interest and other expenses, totalled	39,572,028	7.29
Taxes on Income		
Taxes on income payable to Federal and Provincial Governments amounted to	10,329,339	1.90
Paid to Shareholders		
Equal to 72c per share, dividends to shareholders amounted to	5,812,329	1.07
Reinvested in the Business		
The balance available from the year's operations to provide for continued development and for working capital requirements was	3,612,473	.66

◀ LIFT FLAP

Consolidated Statement of Source and

Source of Funds

Net earnings for the ye
Charges not requiring c
Depreciation on fix
Provision for futur
Disposal of land, buildi
Sale of 3,532 shares of
stock option plan (
Portion of mortgages re
non-current . .

Use of Funds

Investment in land, bui
Dividends paid to share
Net increase in non-cur
Reduction of long-term
Special refundable tax p

Working Capital

INCREASE (DECREASE) D
BALANCE — BEGINNING
BALANCE — END OF THE

Use of Funds

	For the years ended March 18, 1967	March 19, 1966
. . . .	$ 9,424,802	$10,655,576
outlay:		
ssets	6,011,976	5,884,961
come taxes	365,000	420,000
and equipment . . .	3,455,985	4,754,665
mon stock under the year 11,166)	71,523	226,325
able transferred from	—	40,292
	19,329,286	21,981,819
s and equipment . .	14,715,586	13,898,643
lers	5,812,329	5,805,852
mortgages receivable	795,950	—
t	750,000	220,000
. . . .	686,041	—
	22,759,906	19,924,495
NG THE YEAR	(3,430,620)	2,057,324
THE YEAR	26,748,595	24,691,271
AR	$23,317,975	$26,748,595

Consolidated Balance Sheet

Assets	March 18, 1967	March 19, 1966
CURRENT:		
Cash	$ 6,400,723	$ 7,114,598
Marketable investments — at cost (note 2)	2,258,625	6,395,887
Accounts receivable.	1,240,994	763,497
Mortgages receivable	870,694	598,366
Merchandise — valued at the lower of cost and market (note 3)	33,227,144	31,886,841
Prepaid expenses	995,305	1,104,090
	44,993,485	47,863,279
SPECIAL REFUNDABLE TAX	686,041	—
MORTGAGES RECEIVABLE	1,060,125	264,175
FIXED ASSETS — at cost (note 4):		
Store, warehouse and office equipment	67,733,410	60,253,857
Buildings and leasehold improvements	22,950,616	21,380,477
	90,684,026	81,634,334
Accumulated depreciation	39,417,688	35,343,056
	51,266,338	46,291,278
Land	10,202,379	9,929,814
	61,468,717	56,221,092
	$108,208,368	$104,348,546

as at March 18, 1967

Liabilities

	March 18, 1967	March 19, 1966
CURRENT:		
Accounts payable and accrued expenses	$ 17,021,466	$ 16,635,990
Income and sundry taxes	3,904,044	4,258,694
Sinking fund instalments due within one year	750,000	220,000
	21,675,510	21,114,684
PROVISION FOR FUTURE INCOME TAXES (note 4)	3,905,000	3,540,000
FUNDED DEBT (note 5)	11,995,000	12,745,000
CAPITAL STOCK (note 6):		
Authorized — 20,000,000 common shares without nominal or par value. Issued and fully paid — 8,073,027 shares (last year 8,069,495)	15,688,459	15,616,936
REINVESTED EARNINGS:		
Balance at beginning of the year . . .	51,331,926	46,482,202
Net earnings for the year	9,424,802	10,655,576
Dividends to shareholders	(5,812,329)	(5,805,852)
Reinvested earnings.	54,944,399	51,331,926
SHAREHOLDERS' EQUITY.	70,632,858	66,948,862
	$108,208,368	$104,348,546

Signed on behalf of the Board —
JOHN A. McDOUGALD, THOMAS G. McCORMACK,
Directors

Notes to Financial Statements

1. REMUNERATION OF DIRECTORS AND DIRECTOR OFFICERS
Expenses include $367,617 (last year $375,442) for remuneration of Directors and Director Officers. Included therein are amounts paid as fees of $36,875 (last year $37,500) for those directors who are not officers.

2. MARKETABLE INVESTMENTS
The quoted value of marketable investments at March 18, 1967 was $2,041,175 (last year $6,395,887).

3. MERCHANDISE
Merchandise is located at both stores and warehouses. The term market value as it applies to store inventories means "net realizable value" and to warehouse inventories "replacement cost."

4. FIXED ASSETS
Recorded depreciation has been computed on a straight-line basis to amortize the cost of the assets over their estimated useful life. The Company has continued to claim maximum allowances for income tax purposes.

5. FUNDED DEBT

	March 18, 1967	March 19, 1966
Redeemable Sinking Fund Debentures		
5% Series "A" — maturing May 1, 1972	$ 2,060,000	$ 2,060,000
4¼% Series "B" — maturing November 1, 1975 . .	5,930,000	5,930,000
5½% Series "C" — maturing December 1, 1976 . .	4,755,000	4,975,000
	12,745,000	12,965,000
Deduct: Sinking fund instalments due within one year, included in current liabilities	750,000	220,000
	$11,995,000	$12,745,000

The amounts remaining to be paid in the next five fiscal years to meet the sinking fund provisions of the funded debt are:

Fiscal years ending March			
1968	$750,000	1971	$960,000
1969	$960,000	1972	$960,000
1970	$960,000		

6. STOCK OPTION PLAN

Of the 300,000 unissued common shares reserved under the employees' stock option plan on June 23, 1964 there were 94,951 unallotted shares at March 18, 1967. Included therein are 11,441 shares which had been allotted but the options were allowed to lapse.

At March 18, 1967 there were unexercised options covering 176,722 shares (including directors or officers 20,085 shares) at $20.25 which expire on June 22, 1969 and 5,300 shares at $24.50 which expire on June 22, 1970.

7. LONG-TERM LEASES

The total minimum rental liability under leases (excluding insurance, property taxes and certain other occupancy charges) to the date of expiry or option whichever occurs first, for each of the periods shown below, is as follows:

	March 18, 1967	March 19, 1966
Within 10 years	$ 65,550,217	$54,895,068
Within the next 5 years	25,148,180	19,193,191
Within the next 5 years	17,962,558	14,866,314
Within the remainder of the term	5,777,572	4,930,750
	$114,438,527	$93,885,323
Minimum annual rentals payable under such leases are	$ 10,330,686	$ 9,360,485

During the year properties costing $1,733,832 were sold and leased back on various terms. The related minimum annual rentals of $163,364 are included above. Certain leases contain an option to cancel. Should the Company exercise these options, it could be required to purchase the related properties.

8. PENSION PLAN

As a result of the introduction of the Canada and Quebec Pension Plans and a revision of the Company's existing plan, all of which were effective January 1, 1966 it is now estimated that as of that date the unfunded liability amounted to approximately $11,400,000 to be paid by means of annual instalments of approximately $770,000 over 23 years.

Ten Year Financial Summary

(000 OMITTED)

As at fiscal years ended March:	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958
TOTAL ASSETS	$108,208	$104,349	$ 97,809	$ 93,453	$ 86,690	$ 84,288	$ 80,140	$ 77,645	$ 74,184	$ 65,887
CURRENT ASSETS	$ 44,993	$ 47,863	$ 44,543	$ 47,549	$ 43,577	$ 42,088	$ 37,928	$ 35,292	$ 39,241	$ 31,945
CURRENT LIABILITIES	21,675	21,114	19,852	20,421	18,052	16,796	16,496	18,105	18,219	14,038
WORKING CAPITAL	23,318	26,749	24,691	27,128	25,525	25,292	21,432	17,187	21,022	17,907
Working Capital Ratio	2.07	2.26	2.24	2.33	2.41	2.50	2.30	1.95	2.15	2.28
OTHER ASSETS	1,746	264	305	666	780	789	858	497	—	—
NET FIXED ASSETS	61,469	56,221	52,962	45,238	42,333	41,411	41,354	41,856	34,943	33,942
PROVISION FOR FUTURE INCOME TAXES	3,905	3,540	3,120	2,757	2,635	2,635	2,510	2,263	1,723	1,368
FUNDED DEBT (excludes current portion)	11,995	12,745	12,965	13,495	14,524	16,375	17,722	18,715	19,675	20,635
BOOK VALUE OF SHAREHOLDERS' INVESTMENT IN THE BUSINESS	$ 70,633	$ 66,949	$ 61,873	$ 56,780	$ 51,479	$ 48,482	$ 43,412	$ 38,562	$ 34,567	$ 29,846
Accounted for as follows —										
Capital stock	$ 15,689	$ 15,617	$ 15,391	$ 15,222	$ 15,222	$ 15,222	$ 15,222	$ 15,222	$ 15,222	$ 15,222
Reinvested earnings	$ 54,944	$ 51,332	$ 46,482	$ 41,558	$ 36,257	$ 33,260	$ 28,190	$ 23,340	$ 19,345	$ 14,624
NUMBER OF SHARES OUTSTANDING (000 omitted)	8,073	8,069	8,058	8,050	8,050	8,050	8,050	8,050	8,050	8,050
NUMBER OF SHAREHOLDERS	10,895	10,053	9,758	9,084	9,317	8,550	3,772	4,052	3,450	3,363
CAPITAL EXPENDITURES (000 omitted)	$ 14,716	$ 13,899	$ 16,004	$ 9,145	$ 7,027	$ 5,672	$ 10,715	$ 19,249	$ 13,048	$ 18,293

NOTE: Number of shares outstanding (March 1961 and prior) adjusted to reflect August 1, 1961 stock split.

Ten Year Statement of Earnings

(000 OMITTED)

For the fiscal years ended March:	1967	1966	1965	1964	1963*	1962	1961	1960	1959	1958
SALES	$543,472	$513,657	$487,735	$459,346	$427,017	$408,173	$400,946	$388,405	$356,424	$311,686
EXPENSES:										
Total expenses other than items shown below	$ 33,560	$ 30,327	$ 27,097	$ 25,943	$ 23,832	$ 22,313	$ 21,051	$ 19,287	$ 15,798	$ 12,973
Employees' salaries and benefits	61,329	53,780	49,980	44,647	40,957	38,304	36,837	34,866	30,630	26,421
Depreciation on buildings and equipment	6,012	5,885	5,357	4,779	4,556	4,412	4,257	3,732	3,235	2,748
Total expenses	$100,901	$ 89,992	$ 82,434	$ 75,369	$ 69,345	$ 65,029	$ 62,145	$ 57,885	$ 49,663	$ 42,142
EARNINGS BEFORE TAXES ON INCOME	$ 19,754	$ 21,666	$ 20,958	$ 19,451	$ 16,733	$ 15,280	$ 14,362	$ 12,237	$ 13,259	$ 12,771
Per dollar of sales	3.63¢	4.21¢	4.30¢	4.23¢	3.92¢	3.74¢	3.58¢	3.15¢	3.72¢	4.10¢
TAXES ON INCOME	$ 10,329	$ 11,010	$ 10,880	$ 10,125	$ 8,601	$ 7,775	$ 7,500	$ 6,230	$ 6,525	$ 6,223
Per dollar of sales	1.90¢	2.14¢	2.23¢	2.20¢	2.02¢	1.90¢	1.87¢	1.60¢	1.83¢	2.00
NET EARNINGS	$ 9,425	$ 10,656	$ 10,078	$ 9,326	$ 8,132	$ 7,505	$ 6,862	$ 6,007	$ 6,734	$ 6,548
Per dollar of sales	1.73¢	2.07¢	2.07¢	2.03¢	1.90¢	1.84¢	1.71¢	1.55¢	1.89¢	2.10¢
Per share	$ 1.16	$ 1.32	$ 1.25	$ 1.15	$ 1.01	$ .93	$ .85	$ .74	$ .83	$ .81
DIVIDENDS	$ 5,812	$ 5,806	$ 5,154	$ 4,025	$ 3,059	$ 2,435	$ 2,013	$ 2,013	$ 2,013	$ 2,013
Per share	72¢	72¢	64¢	50¢	38¢	30¼¢	25¢	25¢	25¢	25¢
NUMBER OF EMPLOYEES — full time	8,766	8,437	8,023	7,900	7,280	7,356	7,295	7,429	7,426	6,637
— part time	7,587	8,125	7,159	7,587	6,416	6,862	6,155	6,102	6,298	5,630
	16,353	16,562	15,182	15,487	13,696	14,218	13,450	13,531	13,724	12,267
NUMBER OF STORES OPENED DURING YEAR	23	26	29	18	17	10	26	30	18	39
NUMBER OF STORES AT END OF YEAR	380	377	380	368	363	355	358	351	342	334

NOTE: Net earnings per share (March 1961 and prior) adjusted to reflect August 1, 1961 stock split.

*53 Weeks

Dominion Sponsors Coast to Coast Centennial Project

When your Company considered the form of its participation in Canada's Centennial of Confederation, the following objectives were established:

1. That our Company's Centennial project should be broadly national in character, rather than highly localized.
2. That it should be aimed primarily at the youth of Canada, from which will come the leaders of our country's second century.
3. That it should embody active participation rather than passive viewing.

Based on these guidelines, your Company entered into a partnership with Expo '67 to sponsor a student essay contest on the subject, "Why I would like to visit Expo '67." The student essay contest, open to all students in grades 8 to 12, was announced last November. Entries were accepted in either French or English with the authors of the 400 best entries to receive an all-expense one-week trip to Expo '67, travelling by Air Canada. (Winners from the Montreal area are to be awarded a $50 Quebec Savings Bond in lieu of travel expenses.)

More than 295,000 entry forms were requested by students and teachers in cities, towns, villages and rural areas in every province from coast to coast. More than 12,000 entries went into the final judging procedure which involved as many as seven screenings and evaluations by high school specialists.

The 400 winners were notified in April, 100 from Western Canada, 100 from Ontario, 100 from Quebec and 100 from the Atlantic Provinces. Groups of 50 per week will visit Expo '67, under the guidance of qualified chaperones, during July and August.

In their essays, the students expressed a deep love for their country and genuine pride in the accomplishments of Canada's first 100 years as a nation. Typifying their sentiment, Linda Zaremba of Sudbury wrote, "Be thankful for our freedom in this fair land of Canada."

Your Company is also participating actively in Expo '67 by sponsoring a Children's Farm covering 14,000 square feet of space in the "Man the Provider" sector of the fair. Visitors may see a full variety of Canadian farm animals, of particular interest to urban children. In addition, "educated" hens, rabbits and other animals dance, play pianos and perform other entertaining tricks.

As a commercial venture your Company is operating successfully a Dominion Snack Bar, adjacent to the Russian pavilion. It is estimated that more than half a million people will enjoy a snack at the sign of the Symbol "D".

All Dominion stores across Canada will be decorated with attractive Centennial theme material during the peak period of the Centennial celebration this summer.

The Aim of Dominion Stores Limited is to fulfil with ever-increasing efficiency its responsibility as a distributor of food thereby performing a satisfactory service to the consumer, producer, manufacturer and processor; to discharge its responsibility to shareholders whose investment makes the company possible, and to provide its employees with a satisfactory living under the best possible conditions.

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